



Review of King County's Human Services Contracting Practices

King County Auditor's Office

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Audit Objectives

- Examine whether the Community Services Division's (CSD) contract outcomes are linked to county human services goals
- Identify best practices in performance-based contracting for social services and compare CSD's contracting practices to best practices



General Conclusions

- CSD's contracts were consistent with county human services goals
 - CSD established effective partnerships and participates in a Regional Outcomes Alignment Group
- CSD's practices adhere to some performance-based contracting best practices
 - Improvements could strengthen contractors' accountability



Background

- CSD contracts with local community agencies for a broad range of social services
- Audit focused on CSD contracts that receive current expense and criminal justice funds
 - In 2004, CSD managed 114 discretionary contracts totaling \$6.2 million
 - Audit sample of 16 contracts totaled \$2.1 million



CSD Could Utilize Regional Partnerships to Enhance Information

- King County and other organizations adopted a shared set of human services goals (1999)
 - CSD's contracts were consistent with the goals
- CSD is collaborating with these organizations through a Regional Outcomes Alignment Group
 - Group is developing shared outcome measures
 - Outcomes achieved and other performance data are not currently shared among the group



Recommendation

CSD should propose sharing performance data among the Regional Outcomes Alignment Group to enhance the information available to assess progress in meeting human services goals



CSD Contractor Accountability Could Be Improved

- We compared CSD's practices to performance-based best practices for:
 - Contractor selection processes
 - Compensation, incentives, and performance measurement
 - Monitoring practices
 - Use of performance data
- Contractor accountability could be improved through closer adherence to best practices



Contractor Selection

- Best Practice: Open selection process
- CSD Practice: An open selection process is not typically used
 - CSD contracts are usually awarded repeatedly to historic contractors



Compensation and Incentives

- Best Practice: Compensation is linked to outcomes, outputs, and quality
- CSD Practice: Contractors' compensation is linked only to outputs not outcomes or quality
 - CSD contractors are required to report on outcomes and some quality measures



Monitoring Practices

- Best Practice: Monitoring should focus on performance
- CSD Practice: Monitoring practices were not sufficient to evaluate contractor performance
 - Training and standards were not available to guide staff in evaluating contractor performance



Use of Performance Data

- Best Practice: Performance data is used to inform management decisions, such as contractor selection and funding decisions
- CSD Practice: CSD management uses performance data primarily to monitor contract compliance



Recommendations

CSD could improve contractors' accountability by:

- Considering a competitive selection process
- Increasing contracts' emphasis on outcomes and providing standards guidelines to staff on developing contracts
- Providing training for staff on monitoring contractor performance
- Expanding the use of contractor performance data to inform management decisions



Summary of Responses

- Executive's response concurred with most of the recommendations and partially concurred with the remaining recommendations
- The explanations for partial concurrence were consistent with the intent of our recommendations



Acknowledgments

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